

**WORKSHOP TO ADDRESS THE IMPACT OF THE PROPOSED
TEMPORARY REGULATION ON NRS 231A NEW MARKETS JOBS ACT.
MINUTES JULY 2, 2020 WORKSHOP**

Due to Covid-19 this meeting was held via WebEx in accordance with Governor Sisolak's Directive 006. As such, a power point presentation was used during the meeting and can be found at the end of this document as Exhibit 1. The sign-in sheet for all attendees can be seen at the end of this document as Exhibit 2. Letters received by the department are at the end of this document as Exhibit 3.

Those conducting the meeting included:

Terry Reynolds – Director of the Department of Business and Industry (B&I)
Karen Schnog - Management Analyst, Director's office B&I, who oversees the NMJA
Emily Ku - Meeting Coordinator, Management Analyst, Director's office B&I

11:00 AM The workshop was called to order by Director Terry Reynolds, Department of Business and Industry.

Karen Schnog reviewed protocols for participating in the WebEx meeting and asked all participants to type their name, company, and contact information (phone and email) in to the chat box. For those joining by phone each were unmuted and their information was recorded. (see sign-in sheet)

The meeting agenda was reviewed.

The meeting was opened for Public Comments not pertaining directly to the regulations.

No comments were received.

The Temporary Regulation was read out loud in its' entirety.

In summary the purpose of this temporary regulation is to facilitate investments of NMJA funds into qualified businesses.

Director Reynolds pointed out that this temporary regulation is exactly the same as the one enacted in the 2013 round of NMJA.

One letter was received prior to the workshop on 6/29/2020 from Robert Kim of Ballard Spahr Law Firm (Exhibit 3).

Robert Kim reviewed the purpose of the letter which was to specify that the temporary regulation was consistent with and does not change the statute with respect to fees paid to affiliates outlined in the permanent regulations.

Director Reynolds thanked Mr. Kim and commented on the letter stating the department believes the temporary regulation is consistent with the fees outlined in the statute. He also stated that approval will be given for transactions closing prior to the adoption of the regulation as requested by Ballard Spahr. Reaffirming the last section of the temporary regulation, that it applies retroactively.

The meeting was opened for additional public comments regarding the temporary regulation, no additional comments were made.

The meeting was then opened to general public comments and none were made.

The meeting was closed by thanking all participants, providing website information and contact information for Karen Schnog and noting that the hearing to adopt the temporary regulation will be held at 10:30 AM on July 23, 2020.

11:18 AM Meeting Adjourned.

EXHIBIT 1 – POWERPOINT USED FOR THE MEETING

STEVE SISOLAK
Governor

STATE OF NEVADA

TERRY J. REYNOLDS
Director



DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

WORKSHOP NOTICE FOR TEMPORARY REGULATION AND AGENDA

WORKSHOP TO ADDRESS THE IMPACT OF THE
PROPOSED TEMPORARY REGULATION ON NRS 231A NEW
MARKETS JOBS ACT.

The Department of Business and Industry (B&I) will hold a Workshop to solicit public comment on the proposed temporary regulations to administer the Nevada New Markets Jobs Act. This notice is provided in compliance with NRS 241.020 and 233B.061.

Name of Organizations: Department of Business and Industry

Date and Time of Meeting: Thursday July 2, 2020, 11:00 A.M.

**Workshop on Nevada New Markets Jobs Act (NMJA)
Nevada Revised Statutes (NRS) Chapter 231A
Proposed Temporary Regulation**

Video Conference Link:

<https://businessnv.webex.com/businessnv/j.php?MTID=ma985987e0d6acf7925e19d6974c6977b>

Meeting number: 960 148 224
Password: BusinessNMJA

Teleconference Number: 1-844-992-4726 (USA, toll free)


Access code: 960 148 224

Pursuant to Governor Sisolak's Declaration of Emergency Directive 006 (March 22, 2020), the requirement contained in NRS 241.023(1)(b) that there be a physical location designated for meetings of public bodies where members of the public are permitted to attend and participate is suspended in order to mitigate the possible exposure or transmission of COVID-19 (Coronavirus). Accordingly, this meeting is taking place via video conference or teleconference only.



Workshop on Nevada New Markets Jobs Act (NMJA) NRS Chapter 231A Proposed Temporary Regulation

Hearing Instructions for use throughout the meeting

1. Turn off your video.
2. Keep your phone or microphone muted until called upon by the coordinator.
3. If joining by web, please activate chat by clicking dialogue balloon () and enter the following information there for the meeting record:
 - a. Your first and last name.
 - b. The name of your company, if applicable.
 - c. Your contact information (phone number and email).
4. If joining by phone, we will unmute you and ask you to state your full name, company, and phone number.
5. For all comment, please do the following to let us know you wish to speak:
 - a. By web, type an "X" in the chat box.
 - b. By phone, press star three (*3).
 - c. Wait to be recognized by the coordinator before unmuting your phone/mike to speak.
 - d. State your name as you begin your comment(s).

Workshop on Nevada New Markets Jobs Act (NMJA) NRS Chapter 231A Proposed Temporary Regulation


Agenda

- I. **Call to order and welcome** - Terry Reynolds, Director, Dept. of Business and Industry
- II. **Public Comment** - may limit public comment to 3 minutes per speaker.
- III. **Workshop to consider the temporary regulation to administer the Nevada New Markets Jobs Act.**
- IV. **Review of the proposed temporary regulation.**
- V. **Report on written comments received.**
- VI. **Public Comment** - may limit public comment to 3 minutes per speaker.
- VII. ***Adjournment** – For Possible Action

*Items with an asterisk indicate items for possible action. Agenda items may be taken out of order. Two or more agenda items may be combined for consideration. An item may be removed or discussion on an item may be delayed at any time.

Workshop on Nevada New Markets Jobs Act (NMJA) NRS Chapter 231A Proposed Temporary Regulation

Public Comment Instructions

1. Keep your phone or microphone muted until recognized by the coordinator.
2. If participating by web, keep your video off.
3. Web participants can request to speak by clicking the dialogue balloon  to activate the chat feature. Type an "X" in the chat box and wait to be recognized by the coordinator before unmuting your microphone to speak. State your name as you begin your comment(s).
4. Phone participants can request to speak by pressing star three (*3) on their phone.
 - a. Wait to be recognized by the coordinator before unmuting your phone to speak.
 - b. State your name as you begin your comment(s).

**TEMPORARY REGULATION OF THE
DIRECTOR OF THE DEPARTMENT OF
BUSINESS AND INDUSTRY**

May 28, 2020

EXPLANATION – Matter in *italics* is new; matter in brackets ~~(omitted material)~~ is material to be omitted.

AUTHORITY:§1 NRS 231A.150.

A TEMPORARY REGULATION revising provisions of the Nevada New Markets Jobs Act to facilitate the creation of a Qualified Low-Income Community Investment by allowing a capital, equity investment or loan to be made directly or indirectly to a Qualified Low-Income Community Business and providing other matters properly relating thereto.

Section 1. *1. For the purposes of NRS 231A.140, a capital or equity investment or loan may be made directly or indirectly to a qualified active low-income community business through one or more special purpose entity.*

2. A special purpose entity may not pay any fees in connection with any activity associated with the qualified low-income community investment.

3. For the purposes of this section, a “special purpose entity” means an entity created solely for the purpose to make or otherwise facilitate qualified low-income community investments in a qualified active low-income community business.

Sec. 2. This regulation applies retroactively to a qualified low-income community investment made on or before the effective date of this regulation.



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**Workshop on Nevada New Markets Jobs Act (NMJA)
NRS Chapter 231A Proposed Temporary Regulation**


Written Comments Received

1. Letter from Robert Kim of Ballard Spahr LLP received on 6/29/2020
To be presented by Mr. Kim at this workshop

No other written comments were received pertaining to the
Proposed Temporary Regulation

Workshop on Nevada New Markets Jobs Act (NMJA) NRS Chapter 231A Proposed Temporary Regulation

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4. Phone participants can submit comments by pressing star three (*3) on their phone.
 - a. Wait to be recognized by the coordinator before unmuting your phone to speak.
 - b. State your name as you begin your comment(s).

**Workshop on Nevada New Markets Jobs Act (NMJA)
NRS Chapter 231A Proposed Temporary Regulation**

If you joined during the workshop and
did not provide your name and contact information,
please wait until the end of the meeting
and we will collect those details.

Meeting materials can be found on www.business.nv.gov
or email Kschnog@business.nv.gov

Thank you all for attending!

EXHIBIT 2 – SIGN-IN SHEET OF ALL ATTENDEES

Sign-in for Workshop on Temporary Regulation to the NMJA (NRS231A)			
July 2, 2020 at 11:00 AM			
Attendee	Company	Email	Phone
Karen Schnog	MA, B&I	kschnog@business.nv.gov	702-486-2750
Terry Reynolds	Director, B&I	on file	775-684-2920
Budd Milazzo	Deputy Director, B&I	on file	775-684-2920
Marcel Schaerer	Deputy Director, B&I	on file	702-486-2750
Emily Ku	MA, B&I	on file	702-486-2750
Leslie Olson	Exec. Sec. B&I	on file	775-684-2920
Jennifer Ramsay	Financial Institutions Division	on file	702-486-2750
Mary Young	Financial Institutions Division	on file	702-486-2750
Chris Weiss	MA, B&I	on file	702-486-2750
Grant Reynolds	IT, B&I	on file	775-684-2920
Ted Hendricks	IT, B&I	on file	775-684-2920
Brian Sagert	Clearinghouse CDFI	brians@ccdfi.com	702-423-8555
Cindy Berg	Central States Development Partners	cberg@centralstates.us.com	309-794-6711
Clifford Kenwood	AMCREF Community Capital	cliff@amceref.com	on file
Jay Harrison	Clearinghouse CDFI	jayh@ccdfi.com	949-528-3069
John Hownack	Hampton Roads Ventures, LLC	jkownack@hamptonroadsventures.com	757-937-6830
Mark Scheffel	Advantage Capital	mscheffel@advantagecap.com	on file
Mendy Elliot	Capitol Partners	mendy@capitolpartners.us	on file
Mike	Value Advisor fund	mike.kewatwaski@bakertilly.com	262-853-7542
Nick Vander Poel	Capitol Partners	nick@capitolpartners.us	702-324-8781
Phil Aftuck	Consortium	Phil Aftuck < paftuck@tbco.biz >	on file
Robert Kim	Ballard Spahr LLP	kimr@ballardspahr.com	702-580-3521
Robin Stewart	United Fund Advisors	robin@unitedfundadvisors.com	(503) 546-2631
Shelly	United Fund Advisors	shelly@unitedfundadvisors.com	on file
Shelley Whittington	Stonehenge Community Development	sgwhittington@stonehengecapital.com	on file
Teresa Miranda	Prestamos CDFI	teresa.miranda@cplc.org	(602) 257-6757,
Elizabeth Leathers	HRV	eleathers@hamptonroseventures.com	757-962-1531
Sandy O'Laughlin	Commissioner, Financial Institutions Division	solaughlin@fid.state.nv.us	on file
Ryan Congrove	Stonehenge Capital Company	rjcongrove@stonehengecapital.com	(614) 545-7248

EXHIBIT 3 – COMMENT LETTER FROM ROBERT KIM

Ballard Spahr LLP

One Summerlin
1980 Festival Plaza Drive, Suite 900
Las Vegas, NV 89135-2958
TEL 702.471.7000
FAX 702.471.7070
www.ballardspahr.com

Robert C. Kim
Direct: 702.868.7512
kimr@ballardspahr.com

June 29, 2020

Via Email (TReynolds@business.nv.gov)

Terry J. Reynolds, Director
Nevada Department of Business and Industry
1830 College Parkway, Suite 100
Carson City, NV 89706

Re: Comments to Proposed Temporary Regulation dated May 28, 2020

Mr. Reynolds:

The purpose of this letter is to provide comments to the proposed temporary regulation dated May 28, 2020 (the "Proposed Regulation") with respect to the language of Section 1(2) of the Proposed Regulation.

NRS 231A.150 provides that the Director may adopt regulations to carry out the provisions of NRS Chapter 231A. To this end, the Proposed Regulation provides clarification as to equity investments or loans so as to acknowledge that such equity investments or loans can be made either directly or indirectly to the qualified active low-income community business (the "QALICB") through one or more special purpose entities.

The Proposed Regulation is identical to the temporary regulation previously adopted by the Nevada Department of Business and Industry and is meant to facilitate New Markets Tax Credit ("NMTC") transactions that utilize both state and federal tax credits, i.e., a stacked state/federal NMTC transaction. These stacked state/federal NMTC transactions generally involve one or more federal sub-community development entities ("CDEs") and one or more federal investment funds that are a part of the flow of funds that constitute one or more qualified low income community investments (each, a "QLICI") in the QALICB. The support for such stacked state/federal NMTC transactions was further demonstrated through the adoption of NRS 231A.245 during the 2019 Nevada Legislative Session.

Based on the foregoing, we are submitting this letter to confirm the interpretation of Section 1(2) of the Proposed Regulation such that the limitation to the payment of fees is a limitation on the payment of fees to the affiliate of the special purpose entity. This interpretation is appropriate for the following reasons:

Terry J. Reynolds, Director
Nevada Department of Business and Industry
June 29, 2020
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1. The limitation on fees only to affiliates is consistent with NRS 231A.310, representing the only other instance in NRS Chapter 231A where the payment of fees is restricted;
2. The limitation on fees only to affiliates is consistent with the Department's view that stacked state/federal NMTC transactions are permissible so as to not unintentionally disadvantage stacked state/federal NMTC transactions that use multiple special purpose entities to make QLICs to the QALICB; and
3. The limitation on fees only to affiliates is consistent with the purpose and intent of temporary regulations which are to clarify and help interpret existing statutes.

Please note that a short presentation as to the comments contained in this letter will be made at the Workshop to be held at 11:00 am on Thursday, July 2, 2020.

If you should need any additional information or should have any questions as to any of the foregoing, please do not hesitate to contact me.

Sincerely,



Robert C. Kim

cc: Karen Schnog, Nevada Department of Business and Industry